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Cartier v British Sky Broadcasting, and the rise of the website blocking order: a challenge for Scots law?

In recent years, intellectual property ('IP') law has found itself increasingly at the sharp end of developments in the law of remedies, in large part as a result of EU intervention in the field. One innovation which is increasingly being used, particularly before the English courts, is the website blocking injunction. Under such an injunction, internet service providers ('ISPs') are required to block access to third party websites through which IP infringements are being committed. In these cases, intermediaries who themselves have committed no legal wrong are nonetheless required to take steps to stop their services being used by infringers. While such orders have a solid statutory basis in the UK in relation to some forms of IP infringement, the position was less clear in relation to other IP rights. That uncertainty has now been resolved - in English law at least – in appeals to the Court of Appeal and Supreme Court in *Cartier v British Sky Broadcasting*.¹ *Cartier* has resulted in an expansion of the English courts' inherent powers which has the potential to reach beyond website blocking and, indeed, well beyond the confines of IP law. It is not clear, however, whether the outcome reached in *Cartier* could be mirrored in Scots law.

A. LEGISLATIVE BACKGROUND

The concept of the no-fault intermediary injunction was first introduced by the EU in relation to copyright infringement.² By Article 8(3) Information Society Directive 2001/29/EC, EU Member States are required to 'ensure that rightholders are in a position to apply for an injunction against intermediaries whose services are used by a third party to infringe a copyright or related right'. There is no requirement for liability of the part of the intermediary. In the UK, new statutory powers were enacted at ss97A and 191JA of the Copyright, Designs and Patents Act 1988, empowering the English High Court and the Scottish Court of Session to grant injunctions in specified circumstances against service providers whose services are used to

¹ *Cartier International AG and Others v British Sky Broadcasting Ltd and Others* [2015] ETMR 1 (English High Court), [2016] ETMR 43 (Court of Appeal) and [2018] ETMR 32 (Supreme Court, also known as *Cartier International AG v British Telecommunications Plc*).

² See generally M. Husovec, *Injunctions Against Intermediaries in the European Union – Accountable But Not Liable?* (Cambridge: Cambridge University Press, 2017).

commit infringement. Unsurprisingly given the location of the UK's principal ISPs, all applications for such injunctions have to date been heard by the English courts.³ Compliance requires ISPs to operate systems which will prevent access by internet users to the target websites and (according to the standard order) further additional websites notified by rightholders if infringers shift their websites to new web addresses.

At EU level, the copyright-specific provisions of the Information Society Directive were expanded to other IP rights by the Intellectual Property Enforcement Directive 2004/48/EC ('IPED'). By the third sentence of Article 11 IPED, for other forms of IP infringement injunctions must also be available against 'intermediaries whose services are used by a third party to infringe an intellectual property right'. Again, liability on the part of the intermediary is not required. Curiously, however, this time no steps were taken to transpose this provision into UK law. This left an open question as to whether no-fault intermediary injunctions could be granted in non-copyright cases in the absence of any transposing domestic legislation.

B. *CARTIER v BRITISH SKY BROADCASTING*

In *Cartier*, an injunction was sought requiring the UK's five main ISPs (Sky, BT, EE, TalkTalk and Virgin) to block access to certain websites selling trade mark counterfeit goods. The ISPs argued that there was no jurisdiction to grant the injunction because Article 11 IPED had not been transposed into UK law.

From an English law perspective, this immediately raised the question of whether website blocking injunctions could be granted pursuant to the High Court's inherent powers. Embodying the long-standing equitable jurisdiction of the Court of Chancery, section 37(1) of the Senior Courts Act 1981 provides that the High Court may grant an injunction 'in all cases in which it appears just and convenient to do so'. There was, however, uncertainty over the extent of this power. On the one hand, the view had been expressed that, with the exception of *Mareva* and anti-suit injunctions, the power to grant injunctions was limited to situations in which the party against whom the injunction was sought had either invaded or threatened to invade a legal or equitable right belonging to the claimant, or had behaved or threatened to behave in a manner

³ Which had dealt with seventeen such cases by the time of the Supreme Court judgment in *Cartier*: *Cartier* (UKSC), para 4.

which was unconscionable.⁴ On the other hand, there was also a body of judicial opinion rejecting the proposition that the power to grant injunctions was limited in this way.⁵ In *Fourie v Le Roux*, Lord Scott had distinguished between the jurisdiction to grant an injunction (which existed in any case in which the court had *in personam* jurisdiction over the relevant party) and the power to grant such an order.⁶ In his view, on the latter point ‘practice... [had] not stood still’.⁷

In *Cartier*, the judge at first instance found for the trade mark owners.⁸ The ISPs appealed. Kitchin LJ (as he then was) gave the leading judgment of the Court of Appeal.⁹ He accepted an argument that s37(1) SCA 1981 should be interpreted consistently with Article 11 IPED following the *Marleasing* doctrine, developed by the European Court of Justice, which requires national courts to interpret domestic legislation as far as possible in conformity with EU law.¹⁰ However, his preferred view was that no-fault intermediary injunctions could in any event be granted as a matter of domestic English law. Tracing the evolution of the English case law noted above, Kitchin LJ also endorsed an analogy drawn by the judge at first instance with the equitable protective duty articulated in *Norwich Pharmacal*.¹¹ Noting that Article 11 IPED provided a principled basis for extending the practice of the court in relation to injunctions, Kitchin LJ concluded that the court ‘must now recognise pursuant to general equitable principles

⁴ *South Carolina Insurance Co v Assurantie Maatschappij “De Zeven Provinciën” NV* [1987] AC 24, p40 *per* Lord Brandon.

⁵ For example: *Mercedes Benz v Leiduck* [1996] AC 284, p308 *per* Lord Nicholls; *Broadmoor Special Hospital Authority v Robinson* [2000] QB 775, paras 20-22 *per* Lord Woolf MR.

⁶ *Fourie v Le Roux* [2007] UKHL 1, para 25.

⁷ *Fourie*, para 30. ⁸ Before *Cartier*, the point was also briefly considered at first instance in *L’Oréal SA v eBay International AG* [2009] ETMR 53.

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⁹ Considered in more detail in J. Cornwell, ‘Injunctions and monetary remedies compared: the English judicial response to the IP Enforcement Directive’, EIPR 2018, 40(8), 490-500.

¹⁰ *Marleasing SA v La Comercial Internacional de Alimentación SA* (C-106/89) [1992] 1 CMLR 305, discussed *Cartier (CA)*, paras 66-74. ¹¹ *Cartier (CA)*, paras 40-52, discussing *Norwich Pharmacal Co v Customs and Excise Commissioners* [1974] AC 133.

¹¹ *Cartier (CA)*, paras 40-52, discussing *Norwich Pharmacal Co v Customs and Excise Commissioners* [1974] AC 133.

that this is one of those new categories of case in which the court may grant an injunction when it is satisfied that it is just and equitable to do so'.¹²

The ISPs appealed again, and Lord Sumption delivered the judgment of the Supreme Court. By this time, the dispute had narrowed to the question of who should bear the costs of implementing a website blocking injunction: the power to grant such injunctions was no longer contested.¹³ Nonetheless, in his analysis of implementation costs, Lord Sumption made various observations on the legal basis for the grant of website blocking injunctions in English law. He noted:

‘For much longer than there has been an internet or EU Directives about it, the English courts have had jurisdiction in certain circumstances to order parties to assist those whose rights have been invaded by a wrongdoer’.¹⁴

He focused on *Norwich Pharmacal*. In that case, the House of Lords had required the disclosure of the identity of importers of certain patent-infringing drugs by Customs & Exercise, who although not infringers themselves had control over the drugs at the point of importation and therefore had access to this information. Lord Reid had articulated the underlying principle as follows:

‘... if through no fault of his own a person gets mixed up in the tortious acts of others so as to facilitate their wrongdoing he may incur no personal liability but he comes under a duty to assist the person who has been wronged by giving him full information and disclosing the identity of the wrongdoers’.¹⁵

In Lord Sumption’s view, the *Norwich Pharmacal* jurisdiction was not limited to the provision of information.¹⁶ As he put it, ‘the true basis for the court’s intervention is that once the intermediary has been given notice of the infringement of the plaintiff’s rights, his duty is to stop

¹² *Cartier* (CA), para 65. The preconditions for seeking a blocking order and factors to be considered in deciding whether or not to grant one were also considered at length by the Court of Appeal.

¹³ *Cartier* (UKSC), para 5. The judge at first instance and Court of Appeal had both held that the implementation costs fell to be borne by the ISP, but the Supreme Court reversed these rulings finding that the ISPs should be indemnified for their costs of complying with the court’s orders: *Cartier* (UKSC), paras 27-37.

¹⁴ *Cartier* (UKSC), para 8.

¹⁵ *Norwich Pharmacal* (n.11) p175, quoted *Cartier* (UKSC), para 9.

¹⁶ *Cartier* (UKSC), para 10.

placing his facilities at the disposal of the wrongdoer'.¹⁷ Orders for disclosure of information were 'only one, admittedly common' category of order which a court could make against a third party to prevent the use of that party's facilities to commit or facilitate a wrong.¹⁸ It did not matter that a website blocking order required more from the ISP than the mere disclosure of information.¹⁹ Lord Sumption endorsed the earlier view expressed by Briggs LJ in the Court of Appeal that website blocking orders could be made, quite apart from any EU law-derived powers, on ordinary principles of equity.²⁰

C. A CHALLENGE FOR SCOTS LAW?

Although there are some differences of emphasis between the judgments in the Court of Appeal and Supreme Court, there can be no doubt that website blocking injunctions are competent as a matter of domestic English law. It has been acknowledged that *Cartier* represents an expansion of English law principles.²¹ Decisions extending the *Cartier* principles into other contexts are already beginning to issue. In *Nintendo v Sky*, the English High Court granted a website blocking order to prevent not only trade mark infringement but also breach of Nintendo's (non-proprietary) rights for protection against the circumvention of copyright protection measures.²² In the earlier case of *Warner-Lambert v Actavis*, the first instance judgment in *Cartier* was relied upon as the basis for issuing a mandatory injunction against NHS England, not a party to the relevant dispute, requiring it to issue certain prescribing guidance to doctors.²³

Could the Scottish courts take a similar step, to issue a website blocking order or other form of no-fault interdict? Beyond the specific statutory powers to be found in the CDPA 1988, it is by no means clear that this option is open to the Scottish courts. In Scots law, there is no general *Norwich Pharmacal*-style jurisdiction to draw from. Interdict is competent only against

¹⁷ *Cartier* (UKSC), para 10.

¹⁸ *Cartier* (UKSC), para 15.

¹⁹ *Cartier* (UKSC), para 15.

²⁰ *Cartier* (UKSC), para 15. Briggs LJ had dissented on the allocation of implementation costs.

²¹ *Coates v Octagon Overseas Ltd and another* [2017] 4 WLR 91, para 22; *UTB, LLC v Sheffield United Limited* [2018] EWHC 1663 (Ch), para 31.

²² *Nintendo Co Ltd v Sky UK Ltd* [2019] ETMR 60.

²³ *Warner-Lambert Company, LLC v Actavis Group PTC EHF and Others* [2015] EWHC 485 (Pat). The order was made with the agreement of the NHS England.

an actual wrongdoer, and only in relation to an actual legal wrong.²⁴ Furthermore, in Scots law, it is not competent to grant an interdict which positively requires the defender to take action.²⁵

Curiously, at the time of the implementation the IPED there was some awareness of these differences between English and Scots law. For certain further requirements of the IPED (on disclosure of information about parties involved in infringing networks, and ‘publicity orders’ requiring infringers to publicise judgments reached against them) it was recognised that there was a need to enact new statutory powers to implement these remedies into Scots law, which was duly done.²⁶

The differences between English and Scots law are thrown into particular focus by Brexit. For so long as the UK remains subject to EU law, the *Marleasing* doctrine of consistent interpretation might provide a way for a Scottish court to find a basis for granting a website blocking order or other form of no-fault intermediary interdict, founded on an Article 11 IPED-compliant interpretation of some existing relevant statutory provision.²⁷ Once the UK is no longer subject to EU law, however, if website blocking orders or other forms of no-fault intermediary interdict are to be possible, then a basis must be found in Scots law or not at all. Now that website blocking orders have been firmly grounded within the inherent powers of the English courts, on this issue at least Brexit should pose no problems for the English courts. Of course, the copyright-specific provisions at ss97A and 191JA CDPA 1988 will remain force and the Court of Session will continue to have the (limited) powers ascribed to it by those provisions. However, if it is wished for the Court of Session to be able to keep pace with developments more generally, then there may be a good case for seeking to legislate.

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²⁴ D. Walker, *The Law of Civil Remedies in Scotland* (Edinburgh: W. Green & Son, 1974), pp200-221 and 227; H. Burn-Murdoch, *Interdict In the Law of Scotland* (Collieston: Caledonian Books, 1986), pp70 and 72-73; S. Scott Robinson, *The Law of Interdict* (Edinburgh: Butterworths, 1994), pp5-6.

²⁵ Walker, *Civil Remedies* (n.24), p224; Burn-Murdoch, *Interdict* (n.24), pp169-170; D. Walker, *Principles of Scottish Private Law* (Oxford: Oxford University Press, 1989), p278; Scott Robinson, *Interdict* (n.24), pp3-4.

²⁶ Intellectual Property (Enforcement, etc.) Regulations 2006 SI 2006/1028, regulations 4 and 5.

²⁷ For example, in respect of registered trade mark infringements s14(2) Trade Marks Act 1994 permits ‘all such relief by way of... injunctions... or otherwise... as is available in respect of the infringement of any other property right’. This might be amenable to an Article 11-compliant interpretation under the *Marleasing* doctrine.